

REMARKS/ARGUMENTS

This amendment is responsive to the Office Action mailed November 9, 2010. Entry of this amendment is respectfully requested.

Claims 1, 4-6, 8, 10-11, 13, 28, 31-33, 35, 37-38, 40, 43-45, and 49-59 are pending in the present application. In this amendment, claim 53 has been amended and claims 55-59 have been added. Support for the amendments and new claims can be found throughout the application as filed, including paragraphs [0013], [0023], and [0026] of the specification. No new matter has been added. Reconsideration of the rejected claims is respectfully requested.

I. 35 U.S.C. § 103-Independent Claims

In the Office Action, claims 1, 4-6, 8, 10-11, 13, 28, 31-33, 35, 37-38, 40, 44-45, and 49-56 are rejected under 35 U.S.C. § 103 as being unpatentable over Fowler et al., U.S. Patent Publication No. 2002/0026348 (“Fowler”), Churchill et al., U.S. Patent No. 7,461,022 (“Churchill”), Fajkowski, U.S. Patent No. 6,932,270 (“Fajkowski”), Strock et al., U.S. Patent Publication No. 2006/0259364 (“Strock”), and Official Notice.

This rejection is respectfully traversed.

A. *Strock is not prior art*

The Office Action cites to Strock, in combination with other cited references, in forming the 35 USC 103(c) rejection of the claims. However, Strock is not prior art under 102(e) (and therefor cannot be used in a 103 rejection), as Strock was filed on October 14, 2003, and published on June 24, 2004. The present application was filed on September 30, 2003, which predates Strock.

Furthermore, while Strock claims priority to Provisional Application No. 60/417,658 (filed October 11, 2002), this provisional application cannot provide the basis for the rejection of the claims of the present application. As stated in MPEP §706.02(f)(1)(I), “The subject matter used in the rejection must be disclosed in the earlier-filed application in compliance with 35 U.S.C. 112, first paragraph, in order for that subject matter to be entitled to the earlier filing date under 35 U.S.C. 102(e).” Here, the Office Action cites to paragraph

[0216] of Strock regarding a “negative reward balance.” However, there is no mention of a “negative reward balance” in the Strock provisional application. As such, the subject matter used in the rejection is not disclosed in the earlier-filed application, and Strock cannot be used in the rejection. For at least this reason, the rejection is improper, and withdrawal is respectfully requested.

B. Improper hindsight was used to combine Fowler, Strock, Fajkowski, Churchill, and Official Notice

Page 2 of the Office Action rejects independent claims 1, 281 and 40 over Fowler, Strock, Churchill, Fajkowski, and Official Notice. As argued above, Strock is not proper prior art under 35 USC 102 or 103. Even assuming, *arguendo*, that Strock is available as prior art, Applicants respectfully assert that improper hindsight was used to combine the references as disclosed in the Office Action. According to the Court of Appeals for the Federal Circuit:

"It is difficult but necessary that the decisionmaker forget what he or she has been taught . . . about the claimed invention and cast the mind back to the time the invention was made (often as here many years), to occupy the mind of one skilled in the art who is presented only with the references, and who is normally guided by the then-accepted wisdom in the art." *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303, 313 (Fed. Cir. 1983).

Here, one viewing only the multiple cited references would not have combined them in the manner proposed by the Examiner absent improper hindsight.

Fowler is directed to automated marketing programs. These programs can award benefits (see Fowler, Abstract). Fowler’s only mention of returning a purchased product is in paragraph [0023], wherein “[e]xamples of transaction or user behavior identifier data include...products returned and amount of return(s), credits, and the like” are described as stored in databases. Fowler is silent regarding any process or systems used in those “return(s).”

Strock is directed to granting promotional rewards to bank customers (see Strock, paragraph [0011]). Similar to Fowler, Strock only makes passing mention of product returns. Strock discloses in paragraph [0216] that “any credit card debit transaction that is subsequently

reversed by a matching credit card credit transaction (e.g. return, adjustment, etc.) may have its initial related rewards earnings reversed (i.e. nullified). Also, even if that reverse transaction happened after the credit card account had issued a statement to the customer or the initial reward has been redeemed; thus, it may be possible to have a negative rewards balance.” While Strock mentions “returns”, Strock is ultimately silent regarding the steps or calculations involved in processing accumulated rewards in a return transaction.

Churchill is directed to an “electronic auction system...that permits users to conduct auction transactions with various payment units” that can include earned points. See the Abstract of Churchill. Churchill discloses in column 22, lines 25-37 that “[e]arned points will also be held in ‘escrow’ for some time period (e.g., 30 days) upon issuance in order to account for any returns of merchandise or disputed charges.” According to Churchill the points in a return have never been accumulated, as they must be separately held in escrow.

Fajkowski is directed to “a system for the electronic management and redemption of coupons.” (See Fajkowski, Abstract). Fajkowski discloses coupons, but does not recite transaction reversals. Fajkowski further provides a system for a cashier to independently accept non-redeemable coupons, in column 19, lines 55-67. However, this is to allow a cashier to conduct a transaction (using a coupon), not a reversal of a transaction. Furthermore, Fajkowski specifically discloses that the cashier “decides” whether to override any non-redeemable issues with a coupon. Fajkowski is silent about rules regarding any override.

Clearly, one viewing only Fowler, Strock, Fajkowski, and Churchill would not have combined these references in the manner proposed by the Examiner, unless he or she had the benefit of looking at Applicants' specification first. For example, in rejecting claim 1 on pages 2-7 of the Office Action, the Examiner essentially alleges that it would have been "obvious" for one to have: (1) looked to Fowler, which describes marketing programs; (2) decided that the marketing program of Fowler would lead to a computer that calculates a return for a previously completed transaction; with the computer of Fowler calculating both (3) a new value for the previously completed transaction and (4) whether the new transaction value would have earned any accumulated awards, when the Office Action admits on page 3 that Fowler does not teach “wherein the total value returned is less than the total value of the previously

completed transaction;” then (5) extracted a teaching of calculating an amount of rewards for the new value (i.e., the rewards that would have been accumulated had the previously completed transaction actually been for the new value just calculated), from Strock’s disclosure of a reversal of a purchase; (6) added the newly calculated rewards to the reward account when none of the cited references disclose adding rewards upon a return; and (7) decided that the system derived from Fowler and Strock should also be able to keep track of data including (i) the number of transactions over time, (ii) the number and type of products purchased (iii) the purchased items and prices, (iv) the date of and/or time since last purchase, and (v) customer purchase history, along with an “expiration limit (as recited on page 5 of the Office Action in combination with Official Notice).

The Office Action on page 4 further states that it would have been obvious, after reading Churchill, to further (8) create an escrow account upon the reversal of a transaction, and (9) clear the escrow upon one or more later completed transactions. However, as stated above, Churchill does not recite creating an escrow for a “negative reward value”, but rather only to hold positively accumulated points for clearance. Thus, the escrow of Churchill is never “cleared” as recited in the claims. Also, the Office Action on pages 5 argues that it would be obvious to add Fajkowski, which only discloses coupons, to the combination of Fowler, Strock, Churchill, and Official Notice to (8) override the expiration limit on when a transaction can be reversed.

Undoubtedly, these proposed sequences of events would not have been "obvious" to a person of skill in the art at the time of the invention by looking only at the references, without looking at Applicants' disclosure. Rather, the proposed sequence of events could have only resulted from improper hindsight in view of Applicants' disclosure, picking and choosing isolated disclosures from the prior art to meet the claims without regard to what the prior art actually teaches or suggests.

Moreover, the Office Action on pages 2-7 uses multiple reference to reject independent claim 1. However, independent claim 1 is directed to “managing reward reversals.” Each of the cited references, as explained above, is directed to purchases (i.e., the type of transaction that claim 1 is directed to reversing). Merely because the references disclose various

parameters regarding purchases, does not render obvious various systems and methods of reversing said purchases. Page 7 of the Office Action asserts that a “product return in a previously completed transaction simply means reversing said previous transaction.” Applicants respectfully disagree. There are many ways and systems that can be used to reverse a transaction. As outlined above, the computer as recited in claim is not just an “obvious” system to reverse a transaction disclosed by the prior art. Instead, one would need the disclosure of the present application to create such a computer.

Furthermore, even assuming, *arguendo*, that such a combination was obvious, it would still not disclose each element of the independent claims. For example, claim 1 discloses “control logic configured to restore any reward that was redeemed” (emphasis added). The cited art does not teach or suggest restoring a redeemed reward. Also, claim 1 recites a system that can “create an escrow account upon the reversal” as well as “determine a new total transaction value” and “add any accumulated award for the new transaction value to the account.” As shown above, the combined systems of Fowler, Strock, Churchill, Fajkowski, and Official Notice do not anywhere disclose a return of a less than the total value of the previous transaction. Thus, the combined system could not and would not calculate a new total transaction value or add accumulated rewards for the new total transaction value. As such, obviousness has not been established.

C. *The cited art does not teach or suggest an expiration limit on when the previously completed transaction can be reversed*

Applicants respectfully submit that the obviousness rejection is improper for the reasons provided above. Furthermore, claim 1 recites a system comprising, *inter alia*, “an expiration limit on when the previously completed transaction can be reversed.” Independent claims 28 and 40 recite similar limitations. On page 5, the Office Action implicitly acknowledges that none of Fowler, Strock, Churchill, or Fajkowski teach or suggest such a limitation, and states that “Official Notice is taken that it is old and well known in the promotional art that vendors have expiration limits in allowing refunds (e.g. 30 days).”

Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice in each and every instance that this is done in this Office Action and in future

Office Actions. Applicants further request that the Examiner find a prior art reference to support an allegation that a feature that is present in the claims is "well known." If such feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Here, for example, page 5 of the Office Action further recites that "Fajkowski teaches that it is old and well known in the promotion to override the expiration limit of coupons (see col 19, lines 55-67)." However, a coupon is used during a transaction, such as for a discount. A reversal is not a coupon, but rather occurs after the transaction. Merchants may wish to limit coupon usage periods to reduce future financial liabilities. However, a reversal is not a discount on a good or service, and so there is no need to have such an expiration date. Thus, an "expiration limit on when the previously completed transaction can be reversed" is not "old and well known."

Even if the Examiner can find a reference teaching an element for which Office Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Thus, Applicants cannot determine if the Examiner has satisfied his burden of establishing obviousness, unless prior art is cited to meet the claim limitations.

II. 35 U.S.C. § 103-claim 43

In the Office Action, claim 43 is rejected under 35 U.S.C. § 103 as being unpatentable over Fowler, Churchill, Fajkowski, Strock, Official Notice, and Beach et al., U.S. Patent Publication No. 2002/0107738 ("Beach"). This rejection is respectfully traversed. As discussed above, independent claim 28 recites patentable distinctions over the prior art. Dependent claim 43 is similarly allowable over the cited art, for depending on an allowable base claim and for the further limitations it recites.

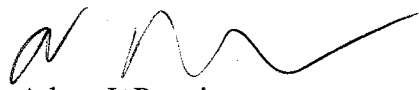
CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

Further, the Commissioner is hereby authorized to charge any additional fees or credit any overpayment in connection with this paper to Deposit Account No. 20-1430.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,



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